



**Testimony in Support of**  
**Senate Bill 23: An Act Requiring Site-Neutral Payments for Health Care Services**  
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Universal Health Care Foundation of Connecticut supports Senate Bill 23: An Act Requiring Site-Neutral Payments for Health Care Services.

Consolidation of hospital systems is a challenge in the health care landscape that Connecticut has been facing for years. Hospital systems have also been acquiring physician practices, and ambulatory surgery centers. If you were a hospital administrator, and you know that the hospital system got paid a higher rate for conducting a medical procedure on the hospital campus, why would you refer a patient to the ambulatory surgery center where you got reimbursed at a lower rate?

This measure is one way to prevent a hospital or health system's market power from increasing health care costs for payers, which ends up costing patients more, as costs are shifted to them. While this bill is still being developed, I urge the Committee to consider how a site-neutral payment policy could constrain costs for the state, payers, and, most importantly, the patients who need care.

Medicare is establishing rules for site neutral payment policies. MedPAC, the Medicare Payment Advisory Council, has recommended site-neutral reimbursement for its potential cost-savings<sup>i</sup>, while retaining quality of care. We urge the Committee to examine the work done in this area while considering and developing this bill. A July 2014 policy brief from *Health Affairs* goes deeper into this issue (see attached).

This is not the first time site-neutral payments have come up in the state's health care cost containment discussion. In Public Act 15-146, the Insurance Department was supposed to lead a study on health care cost drivers in the state, and consider site-neutral payment as a potential cost containment strategy. Due to a lack of resources, the Insurance Department was unable to complete that report.

Consider, that site-neutral payments:

- Could save both the consumer and the health care system money
- Allow consumers to choose a facility that is easily accessible to them, rather than be steered to a hospital location that may be difficult to get to
- Give patients more choices without having to decide where to have a procedure simply by cost
- Allow providers to recommend the most appropriate setting for the patient without having to worry about one setting or another being more expensive for the patient
- Protect access to quality care in the community<sup>ii</sup>

There is no one easy solution for making health care more affordable. There are many players, many stakeholders, and many factors affecting our health. Affordable health care requires a coordinated

approach with interconnected measures. This is one such measure, protecting payers and consumers from paying more for the exact same procedure, simply because of where the treatment occurred.

We have to remember that health care affordability isn't just about lowering costs in the larger system – it's also about consumers getting the high-quality health care they need, at a price they can afford.

*Universal Health Care Foundation of Connecticut's mission is to serve as a catalyst that engages residents and communities in shaping a democratic health system that provides universal access to quality, affordable health care and promotes health in Connecticut. We believe that health care is a fundamental right and that our work is part of a broader movement for social and economic justice.*

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<sup>i</sup> See *25 things to know about site-neutral payments*, Becker's Hospital Review, June 29, 2015:  
<http://www.beckershospitalreview.com/finance/25-things-to-know-about-site-neutral-payments.html>

<sup>ii</sup> For more research on how site neutral payments can help lower health care costs while preserving patient choice, see the Alliance for Site Neutral Payment Reform's Research page here:  
<http://www.siteneutral.org/research/>